



# Zionist Leaders Steal Israeli Money

BY JOHN M. HENSHAW

**A**LTHOUGH crime in high places is not unusual, still one would not expect to learn that several of the foremost spiritual leaders of Zionism are the ring-leaders of an international banking swindling combine.

Among the men involved is Dr. Tibor Rosenbaum, Treasurer of the World Jewish Congress, the top Zionist organization. Dr. Rosenbaum is a Hungarian-born Orthodox rabbi and is a member of the three-man Presidium of the worldwide Zionist Mizrachi movement, the parent organization of Israeli's National Religious Party that is a unit in the present coalition government of Israel.

He is also Extraordinary and Plenipotentiary Ambassador of Liberia to UNESCO in Paris and the International Atomic Energy Commission in Vienna.

The World Jewish Congress recently held a worldwide convention in Jerusalem. Five hundred delegates from 65 countries attended. The largest delegation—109 persons—came from the United States. The conference, the sixth plenary assembly of the WJC, was to study ways to strengthen co-operation between Israel and the Jewish communities in other countries. Dr. Nachum Goldmann was reelected President and Dr. Rosenbaum was reelected Treasurer.

Most of the WJC funds are lodged in Dr. Rosenbaum's Geneva bank. Also, funds of the Jewish Agency are deposited in

Rosenbaum's International Credit Bank of Geneva (Banque de Credit International—BCI), of which he is the majority stockholder. Dr. Rosenbaum is also a large shareholder in the Israel Corporation, a \$200-million investment firm in Israel.

Among the top Zionist leaders involved in the current financial scandal are Pinhas Sapir, Harry Landy, and Rabbi Bernard Bergman.

Pinhas Sapir is chairman of the board of the Jewish Agency, the operating arm of the World Zionist Organization, and an integral part of the Israeli government. This outfit handles hundred of millions of dollars a year in donations and U.S. foreign aid funds. Sapir has served both as Finance Minister and Commerce Minister of Israel.

Harry Landy is chairman of both the Israel-British Bank of London and the Israel-British Bank of Tel Aviv. Landy is vice president of the Board of Deputies of British Jews, the senior Jewish lay organization in England.

Rabbi Bernard Bergman is a member of the three-man Presidium of the worldwide Mizrachi Zionist movement that controls Israel's National Religious Party. His colleague on the Presidium is Dr. Rosenbaum as mentioned above. Rabbi Bergman is the head of a \$100 million nursing home empire in the United States. He has been a power in New York politics because of his influence with the Orthodox Jews and his high position in the world Zionist hierarchy.

## No Public Accounting

The above listed men constitute a little coterie of spiritual leaders of Zionism who have been trusted with hundreds of millions of dollars to build a homeland for the Jews in Palestine. Amazingly, they have never had to make a public accounting of the funds entrusted to their care!

THE WASHINGTON OBSERVER was the first publication to warn that funds collected for Israel were being stolen—four years ago. The February 1, 1971 issue stated: "A prominent American Jew who played a significant role in inducing President Truman to recognize Israel as a sovereign state by assuring him of abundant campaign funds for the Presidential campaign of 1948, recently confided to THE WASHINGTON OBSERVER: 'The world Zionist leaders and their American helpers are a bunch of thieves—they are stealing about half of the money collected for Israel. The Jewish Agency for Israel collected \$87 million from American Jews last year and have never made a public audit report on any of it. I realize, of course, that for security reasons some of the accounting of funds can't be made available for inspection by Jewish groups. Millions are spent to maintain a worldwide espionage network, to pay off politicians and to hire lobbyists and fixers. But I know to my personal knowledge that some of the American Jews who are entrusted to handle Zionist funds for secret activities in behalf of Israel have become millionaires overnight. Frankly, I think the millions collected by the Jewish underworld syndicates for Israel have been handled more honestly than the funds collected and distributed by the Rabbis, civic leaders and so-called legitimate businessmen.

"I am speaking not only for the privately collected funds but also of U.S. foreign aid funds allocated to Jewish organizations affiliated with the Government of Israel. Big fees are paid to brokers, fixers and other middlemen who claim they have to pay bribes in cash to politicians and propagandists. Who knows? You can't ask for a signed receipt! I know of specific

instances where half of the money collected and expended was not accounted for. This stealing of confidential Zionist funds started on a small scale in 1947 and has been increasing as the fund collections become larger. I could name quite a few names if I wanted to. But I've got to get along with these people if I want to stay in business. I personally saw to it that the funds I collected for political campaigns were handled honestly. Now there are many dedicated Zionists—millions of them—but many thieves have got into the Zionist movement to make a fast buck.'"

On November 15, 1974 THE WASHINGTON OBSERVER exclusively revealed: "There is a big banking scandal brewing in Israel. Funds raised for the industrial development of Israel have been siphoned out of that country by a clique of international bankers headed by Baron Edmond de Rothschild of France, to banks in Europe where the Israeli funds were used in highly volatile enterprises, such as speculating in the floating currencies of the United States and Europe, where the big bankers did not wish to risk their own money.

"None of this Israeli money was used for purposes that could remotely be connected with industrial expansion in Israel. A large part of this sidetracked money came from the Israel Corporation, a holding company founded in 1968 for the purpose of raising funds for the country's industrial development. The firm was given an income tax exemption for 28 years. And in selling stock in the corporation to small investors, the promoters ballyhooed it as belonging to the Jewish people and not the Government of Israel. The Israeli Government bought only a token 3.8% of the shares."

## News of Scandal is Suppressed

The poor peons in Israel beset with the highest living costs in the world and a sudden government 40% devaluation of the Israeli currency raised a hue and cry about the "missing millions" in the Israel Corporation. The Israeli government issued

tranquilizing statements minimizing losses. But vitriolic criticism continued in the Hebrew language newspapers. Ironically, the Zionist leaders had more clout in blacking out news on the Israeli banking scandals. Even when the Israel-British Bank of Tel Aviv collapsed last summer there was only vague mention of it in the European financial press, and it was suppressed in the American news media. But there was a loud howl in Israel. And the Bank of Israel (central government bank) reimbursed local depositors \$64 million, but the Israeli government did not pay off the depositors and creditors of the bank's subsidiary, the Israel-British Bank, Ltd. of London, which had \$240 million on deposit and owed \$88 million to creditor banks when it went into receivership last fall.

Ironically, it is the only fully authorized British bank that the Bank of England has ever allowed to collapse. Among the creditors of the London Israel-British Bank is the Rockefellers' Chase Manhattan Bank; how much is owed the Rockefeller bank is not known, since it has filed suit. But the Bank of America has filed suit for \$2 million. The North Carolina National Bank lost \$4.4 million when the Israeli bank went under. And the Merchants National Bank & Trust Co. of Indianapolis lost \$4.5 million in the same bank failure. The Central National Bank of Cleveland, First Wisconsin National Bank of Milwaukee and the Girard Trust Bank lost an undisclosed amount of money. Oddly, only one Jewish bank got caught in this bank failure—Sir Isaac Wolfson's Anglo Portuguese Bank.

The latest word from London is that intense American banking pressure is being mounted to persuade the Israeli Government to take positive steps to protect depositors and creditors of the Israel-British Bank of London. According to the London source, the most powerful American Congressmen are being solicited to apply political pressure. This has all the earmarks of Nelson Rockefeller working behind the scenes.

Harry Landy has been immune from prosecution despite the fraud involved in the failures of the banks he heads. But his

brother-in-law Joshua, managing director in Tel Aviv, has been convicted by an Israeli court of embezzling \$43 million from his bank. He is now awaiting sentence. Landy is the son-in-law of the late Walter Williams, British tycoon. Landy has already assumed management of his wife's inherited vast estate of insurance companies, real estate and banking. His exalted status as the head of the Board of Deputies of British Jews has made it embarrassing for either the British or Israeli governments to press criminal charges against him.

Thus far no member of the high caste in the Zionist hierarchy has ever been convicted of criminal violations. It remains to be seen what will happen to Rosenbaum, Sapir, Tzur and Bergman—all top leaders of Zionism who are deeply involved in financial scandals.

#### Rabbi Rosenbaum's Interests

At the heart of one of the financial upheavals is the International Credit Bank (BCI) controlled by Dr. Rosenbaum, who also owned a central European business conglomerate known as the International Credit Trust, a private company registered in Liechtenstein. Rosenbaum also had "shell" companies that simply had post-office numbers in Vaduz, Liechtenstein. Rosenbaum transferred millions of dollars from various Israeli accounts in his Geneva bank to these phony companies in Liechtenstein. Several months ago, Rosenbaum approached several Israeli banks and offered them large deposits from his International Credit Bank on condition they make parallel deposits with his firms in Liechtenstein. All of the astute Israeli bankers declined with thanks. Shortly thereafter Rosenbaum's fly-by-night companies collapsed.

Rosenbaum claims he has lost considerable sums of money in unfortunate investments in floating currencies and the Eurodollar market. This is quite plausible. But who knows? Under Swiss banking laws Rosenbaum is not required to make public accounting. And it has never been disclosed how much money the Israeli has on deposit



in Rosenbaum's Geneva Bank but it is known that the Government used his bank for large-scale purchases of arms. Nor is it known how much money the Jewish Agency of Israel has lodged in the Geneva Bank or in Rosenbaum's other enterprises. But it is known that the Agency controls hundreds of millions of dollars—perhaps a billion dollars or more. And, as Treasurer of the World Jewish Congress, Rosenbaum had authority to deposit its funds wherever he pleased. The Israeli shipping line, Zim Navigation, and the Haifa Refineries, both owned in part by the Israel Corporation separately had made deposits in the Rosenbaum enterprises which have gone bankrupt. Rosenbaum inducted his brother-in-law, William Stern, president of the Nation Life Insurance Co. to invest his firm's funds in his shaky enterprises. Now the insurance company is insolvent.

Rosenbaum has now petitioned a Swiss court for a payment moratorium on accounts in his International Credit Bank and has closed the doors of the institution. The Israeli Government seems loath to take legal action to recover its finds.

It was not until October 19, 1974, that the Jewish-owned *New York Times* broke its silence on the Israel banking scandals and ran a story captioned: "Israeli Investing Scandal Unveiled by Rothschild," starting off in the lead paragraph: "PARIS, Oct. 18—About four weeks ago Baron Edmon de Rothschild received a telephone call from a business associate who was worried about unauthorized foreign deposits of an Israeli investment company.

"An unusual investment company known as the Israel Corporation, in which Baron Rothschild is the biggest individual stockholder, is the center of the storm. Into it the 48 year old scion of the famous banking family has poured roughly half of his \$10-million overall investment in the beleaguered state."

Rothschild did not "unveil" the scandal. In fact, he did everything in his power to suppress public mention of it. And he had known since April 1974 that Rosenbaum had siphoned off over half the company's funds into his own enterprises. The *Times*

story went on to say that Rothschild, as the corporation's chairman, promptly called a meeting of the board directors at his office in Paris, fired the managing director, Michael Tzur, and forthrightly ordered a sweeping investigation.

What really happened is this: In 1968 when world Jewry was flushed with victory over the Six-day War, Pinhas Sapir, acting in his dual capacity as Chairman of the Jewish Agency of Israel and Israeli Finance Minister, called the celebrated Tel Aviv "Millionaires' Conference." Three hundred of the world's richest Jews showed up. Sapir proposed setting up a \$350 million tax-free private investment corporation and offered a directorship for each \$1 million block purchase. The result was 175 directors on the first board of the Israel Corporation.

Among the directors were Baron Rothschild, Sir Siegmund Warburg, president of S.G. Warburg & Co. Ltd. of London, Andre Meyer of Lazard Freres of Paris, Harvey Krueger, partner of Kuhn, Loeb & Co., Samuel Rothberg, head of the Israeli Bond drive, Sir Charles Clore, Sir Isaac Wolfson; also represented was the Eisenberg banking family from Japan and the Bronfman family from Canada.

### Wealthy Zionists Buy Stock

Basking in the security won by the Six-day War, virtually all of the jubilant wealthy Jew Zionists attending the conference subscribed for stock in the Israel Corporation. But not all could—or would—buy a \$1 million share block, so subscriptions were cut to \$100,000-share blocks. Installed as Managing Director was Michael Tzur, who served as Director General of the Israeli Ministry of Commerce and Industry under Finance Minister Pinhas Sapir. Tzur was a boyhood friend of Tibor Rosenbaum. Tzur also was a director of several other Israeli firms that turned over their cash fund to Rosenbaum's enterprises that went into receiverships.

By 1971-72, the corporation board had become so unwieldy that radical reorganization was required. Chairman Rothschild

called a board meeting. Sir Siegmund Warburg and Rothschild got into a heated dispute over management structure, and Warburg resigned, and sold most of his shares, but left a Warburg representative on the board to keep him advised what was going on. The director general of Israel's Bank Leumi left the board in a huff, and the Israel Kelal Bank sold its shares. But the American members, Sam Rothberg and Harvey Krueger, who raised most of the funds, loyally supported Rothschild. Rothschild then had a free hand and reduced the board to sixteen members.

It was at this state that Dr. Rosenbaum became an influential member of the 16-man directorate. His appointment was not accomplished smoothly, however, and apparently met with quite serious opposition from certain directors and shareholders. But Rothschild, Sapir and the Israeli Government stood firmly behind him. Rosenbaum established the Interna-

tional Credit Bank for the highly specialized purpose of dealing chiefly in transactions between Israel and Switzerland. But the bank suffered adverse publicity in the mid-sixties when it was disclosed that Rosenbaum was a close friend and business associate of the notorious swindler Bernie Cornfeld who promoted the IOS mutual fund to a \$2½ billion institution and then looted the investors' savings by funneling the money through Rosenbaum's Geneva bank.

In 1971 THE WASHINGTON OBSERVER exposed how Mayer Lansky and Joe "Doc" Stacher used the International Credit Bank to filter funds from their national gambling syndicate and Soviet couriers used the bank to convey secret funds.

The Swiss Central Bank that is usually diligent in supervising licensed banks now claims it is not sufficiently informed about Rosenbaum's bank to make comment.

## Patrick Henry's Advice on the Cold War

**T**HEY TELL US, Sir, that we are weak—unable to cope with so formidable an adversary. But when shall we be stronger? Will it be the next week, or the next year? Will it be when we are totally disarmed?...

*Shall we gather strength by irresolution and inaction? Shall we acquire the means of effectual resistance by lying supinely on our backs, and hugging the delusive phantom of hope, until our enemies shall have bound us hand and foot?...*

*Sir, we shall not fight our battles alone. There is a just God who presides over the destinies of Nations. . . . The battle, Sir, is not to the strong alone; it is to the vigilant, the active, the brave. . . . There is no retreat but in submission and slavery! Our chains are forged! . . .*

*Gentlemen may cry, Peace, Peace!—but there is no peace. The war is actually begun! . . . Why stand we here idle? What is it that Gentlemen wish? What would they have? Is life so dear, or peace so sweet, as to be purchased at the price of chains and slavery? Forbid it, Almighty God! I know not what course others may take; but as for me, give me liberty or give me death!*

HOUSE OF BURGESSES, VIRGINIA  
MARCH, 1775